

Executive Summary – Enforcement Matter – Case No. 47843

Copano Processing, L.P.

RN101271419

Docket No. 2013-1952-AIR-E

Order Type:

1660 Agreed Order

Findings Order Justification:

N/A

Media:

AIR

Small Business:

No

Location(s) Where Violation(s) Occurred:

Copano Processing Houston Central Gas Plant, 1650 County Road 255 South, Sheridan,
Colorado County

Type of Operation:

Gas processing plant

Other Significant Matters:

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

Texas Register Publication Date: March 14, 2014

Comments Received: No

Penalty Information

Total Penalty Assessed: \$13,500

Amount Deferred for Expedited Settlement: \$2,700

Amount Deferred for Financial Inability to Pay: \$0

Total Paid to General Revenue: \$10,800

Total Due to General Revenue: \$0

Payment Plan: N/A

SEP Conditional Offset: \$0

Name of SEP: N/A

Compliance History Classifications:

Person/CN - Satisfactory

Site/RN - Satisfactory

Major Source: Yes

Statutory Limit Adjustment: N/A

Applicable Penalty Policy: September 2011

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Copano Processing, L.P.
RN101271419
Docket No. 2013-1952-AIR-E

Investigation Information

Complaint Date(s): N/A

Complaint Information: N/A

Date(s) of Investigation: September 24, 2013 through September 25, 2013

Date(s) of NOE(s): October 11, 2013

Violation Information

1. Failed to obtain authorization for a temporary flare and the related emissions of nitrogen oxides ("NOx") and carbon monoxide ("CO") prior to construction of the flare. Specifically, on or about August 14, 2013, the Respondent commenced construction and operation of a temporary rental flare with related emissions of NOx and CO for which it failed to obtain a permit prior to construction and operation [30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b)].
2. Failed to obtain a revision to Federal Operating Permit ("FOP") No. 0807 prior to operating the temporary flare. Specifically, on or about August 14, 2013, the Respondent commenced operating the temporary flare before obtaining a revision to its FOP [30 TEX. ADMIN. CODE § 122.210 and TEX. HEALTH & SAFETY CODE § 382.085(b)].

Corrective Actions/Technical Requirements

Corrective Action(s) Completed:

N/A

Technical Requirements:

The Order will require the Respondent to:

- a. Within 60 days, submit a permit application to authorize the control equipment or other method to minimize volatile organic compounds ("VOC") emissions from the second cryogenic refrigeration unit ("TXP 2") amine treater at the Plant;
- b. Within 30 days after the issuance of the authorization for the control equipment or other method to minimize VOC emissions from the TXP 2 amine treater at the Plant, submit a FOP revision application;
- c. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the permit application and FOP revision application within 30 days after the date of such requests, or by any other deadline agreed upon in writing;
- d. Within 15 days, submit written certification demonstrating compliance with Ordering Provisions a. and b.;

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- e. Within 550 days, submit written certification that either authorization to construct control equipment or other method to minimize VOC emissions from the TXP 2 amine treater at the Plant has been obtained or that operation has ceased until such time that appropriate authorization is obtained;
- f. Within 730 days, submit written certification that the FOP revision has been obtained or that operation has ceased until such time that appropriate authorization is obtained; and
- g. Submit written certification demonstrating compliance.

Litigation Information

Date Petition(s) Filed: N/A

Date Answer(s) Filed: N/A

SOAH Referral Date: N/A

Hearing Date(s): N/A

Settlement Date: N/A

Contact Information

TCEQ Attorney: N/A

TCEQ Enforcement Coordinator: Farhaud Abbaszadeh, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-0779; Candy Garrett, Enforcement Division, MC 219, (512) 239-1456

TCEQ SEP Coordinator: N/A

Respondent: Daniel J. Schnee, Assistant General Counsel, Copano Processing, L.P., 2 North Nevada, Office 1402, Colorado Springs, Colorado 80903
Michael S. Catt, Vice President of Operations, Copano Processing, L.P., 2 North Nevada, Office 1402, Colorado Springs, Colorado 80903

Respondent's Attorney: N/A



Penalty Calculation Worksheet (PCW)

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

TCEQ

| | | | | | | |
|--------------|-----------------|-------------|------------------|-------------|----------------|--|
| DATES | Assigned | 30-Sep-2013 | Screening | 14-Oct-2013 | EPA Due | |
| | PCW | 16-Oct-2013 | | | | |

RESPONDENT/FACILITY INFORMATION

| | | | |
|-----------------------------|-------------------------|---------------------------|-------|
| Respondent | Copano Processing, L.P. | | |
| Reg. Ent. Ref. No. | RN101271419 | | |
| Facility/Site Region | 12-Houston | Major/Minor Source | Major |

CASE INFORMATION

| | | | |
|--|-----------------|------------------------------|--------------------|
| Enf./Case ID No. | 47843 | No. of Violations | 2 |
| Docket No. | 2013-1952-AIR-E | Order Type | 1660 |
| Media Program(s) | Air | Government/Non-Profit | No |
| Multi-Media | | Enf. Coordinator | Heather Podlipny |
| | | EC's Team | Enforcement Team 4 |
| Admin. Penalty \$ Limit Minimum | \$0 | Maximum | \$25,000 |

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) **Subtotal 1** **\$11,250**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History **20.0%** Enhancement **Subtotals 2, 3, & 7** **\$2,250**

Notes Enhancement for one agreed order with denial of liability.

Culpability **No** **0.0%** Enhancement **Subtotal 4** **\$0**

Notes The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments **Subtotal 5** **\$0**

Economic Benefit **0.0%** Enhancement* **Subtotal 6** **\$0**

Total EB Amounts \$1,338
Approx. Cost of Compliance \$20,000

*Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 **Final Subtotal** **\$13,500**

OTHER FACTORS AS JUSTICE MAY REQUIRE **0.0%** **Adjustment** **\$0**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount **\$13,500**

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty** **\$13,500**

DEFERRAL **20.0%** Reduction **Adjustment** **-\$2,700**

Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes

Deferral offered for expedited settlement.

PAYABLE PENALTY **\$10,800**

Screening Date 14-Oct-2013

Docket No. 2013-1952-AIR-E

PCW

Respondent Copano Processing, L.P.

Policy Revision 3 (September 2011)

Case ID No. 47843

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN101271419

Media [Statute] Air

Enf. Coordinator Heather Podlipny

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

| Component | Number of... | Enter Number Here | Adjust. |
|-------------------------------|--|-------------------|---------|
| NOVs | Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action (<i>number of NOVs meeting criteria</i>) | 0 | 0% |
| | Other written NOVs | 0 | 0% |
| Orders | Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>) | 1 | 20% |
| | Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission | 0 | 0% |
| Judgments and Consent Decrees | Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (<i>number of judgements or consent decrees meeting criteria</i>) | 0 | 0% |
| | Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government | 0 | 0% |
| Convictions | Any criminal convictions of this state or the federal government (<i>number of counts</i>) | 0 | 0% |
| Emissions | Chronic excessive emissions events (<i>number of events</i>) | 0 | 0% |
| Audits | Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were submitted</i>) | 0 | 0% |
| | Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>) | 0 | 0% |
| Please Enter Yes or No | | | |
| Other | Environmental management systems in place for one year or more | No | 0% |
| | Voluntary on-site compliance assessments conducted by the executive director under a special assistance program | No | 0% |
| | Participation in a voluntary pollution reduction program | No | 0% |
| | Early compliance with, or offer of a product that meets future state or federal government environmental requirements | No | 0% |

Adjustment Percentage (Subtotal 2) 20%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Satisfactory Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance
History
Notes

Enhancement for one agreed order with denial of liability.

Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7) 20%

>> Final Compliance History Adjustment

Final Adjustment Percentage *capped at 100% 20%

Screening Date 14-Oct-2013

Docket No. 2013-1952-AIR-E

PCW

Respondent Copano Processing, L.P.

Policy Revision 3 (September 2011)

Case ID No. 47843

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN101271419

Media [Statute] Air

Enf. Coordinator Heather Podlipny

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 116.110(a) and Tex. Health & Safety Code §§ 382.0518(a) and 382.085(b)

Violation Description

Failed to obtain authorization for a temporary flare and the related emissions of nitrogen oxides ("NOx") and carbon monoxide ("CO") prior to construction of the flare. Specifically, on or about August 14, 2013, the Respondent commenced construction and operation of a temporary rental flare with related emissions of NOx and CO for which it failed to obtain a permit prior to construction and operation.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

OR

| | Harm | | |
|-----------|-------|----------|-------|
| Release | Major | Moderate | Minor |
| Actual | | | |
| Potential | | | |

Percent 0.0%

>> Programmatic Matrix

| | Falsification | Major | Moderate | Minor |
|--|---------------|-------|----------|-------|
| | | x | | |

Percent 15.0%

Matrix Notes

100% of the rule requirement was not met.

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 2

61 Number of violation days

mark only one
with an x

| | |
|--------------|---|
| daily | |
| weekly | |
| monthly | x |
| quarterly | |
| semiannual | |
| annual | |
| single event | |

Violation Base Penalty \$7,500

Two monthly events are recommended from the date the Respondent commenced operation of the temporary flare (August 14, 2013) to the screening date (October 14, 2013).

Good Faith Efforts to Comply

0.0% Reduction

\$0

Before NOV NOV to EDPRP/Settlement Offer

| | | |
|---------------|---|---------------|
| Extraordinary | | |
| Ordinary | | |
| N/A | x | (mark with x) |

Notes

The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$7,500

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$419

Violation Final Penalty Total \$9,000

This violation Final Assessed Penalty (adjusted for limits) \$9,000

Economic Benefit Worksheet

Respondent Copano Processing, L.P.
Case ID No. 47843
Reg. Ent. Reference No. RN101271419
Media Air
Violation No. 1

| Percent Interest | Years of Depreciation |
|------------------|-----------------------|
| 5.0 | 15 |

| Item Description | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
| No commas or \$ | | | | | | | |

Delayed Costs

| | | | | | | | |
|--------------------------|----------|-------------|-------------|------|-------|-----|-------|
| Equipment | | | | 0.00 | \$0 | \$0 | \$0 |
| Buildings | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |
| Engineering/construction | | | | 0.00 | \$0 | \$0 | \$0 |
| Land | | | | 0.00 | \$0 | n/a | \$0 |
| Record Keeping System | | | | 0.00 | \$0 | n/a | \$0 |
| Training/Sampling | | | | 0.00 | \$0 | n/a | \$0 |
| Remediation/Disposal | | | | 0.00 | \$0 | n/a | \$0 |
| Permit Costs | \$10,000 | 14-Aug-2013 | 16-Jun-2014 | 0.84 | \$419 | n/a | \$419 |
| Other (as needed) | | | | 0.00 | \$0 | n/a | \$0 |

Notes for DELAYED costs

Estimated costs to obtain the proper authorization. The Date Required is the date the temporary flare commenced operations and the Final Date is the estimated date of compliance.

Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

| | | | | | | | |
|-------------------------------|--|--|--|------|-----|-----|-----|
| Disposal | | | | 0.00 | \$0 | \$0 | \$0 |
| Personnel | | | | 0.00 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling | | | | 0.00 | \$0 | \$0 | \$0 |
| Supplies/equipment | | | | 0.00 | \$0 | \$0 | \$0 |
| Financial Assurance [2] | | | | 0.00 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3] | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

Approx. Cost of Compliance

\$10,000

TOTAL

\$419

Screening Date 14-Oct-2013

Docket No. 2013-1952-AIR-E

PCW

Respondent Copano Processing, L.P.

Policy Revision 3 (September 2011)

Case ID No. 47843

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN101271419

Media [Statute] Air

Enf. Coordinator Heather Podlipny

Violation Number 2

Rule Cite(s)

30 Tex. Admin. Code § 122.210 and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to obtain a revision to Federal Operating Permit ("FOP") No. O807 prior to operating the temporary flare. Specifically, on or about August 14, 2013, the Respondent commenced operating the temporary flare before obtaining a revision to its FOP.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

OR

| Release | Harm | | |
|-----------|-------|----------|-------|
| | Major | Moderate | Minor |
| Actual | | | |
| Potential | | | |

Percent 0.0%

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---------------|-------|----------|-------|
| | x | | |

Percent 15.0%

Matrix Notes

100% of the rule requirement was not met.

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 1

61 Number of violation days

mark only one with an x

| | |
|--------------|---|
| daily | |
| weekly | |
| monthly | |
| quarterly | |
| semiannual | |
| annual | |
| single event | x |

Violation Base Penalty \$3,750

One single event is recommended for not submitting the FOP revision application.

Good Faith Efforts to Comply

0.0% Reduction

\$0

Before NOV NOV to EDRP/Settlement Offer

| | | |
|---------------|---|---------------|
| Extraordinary | | |
| Ordinary | | |
| N/A | x | (mark with x) |

Notes

The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$3,750

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$919

Violation Final Penalty Total \$4,500

This violation Final Assessed Penalty (adjusted for limits) \$4,500

Economic Benefit Worksheet

Respondent Copano Processing, L.P.
Case ID No. 47843
Reg. Ent. Reference No. RN101271419
Media Air
Violation No. 2

| Percent Interest | Years of Depreciation |
|------------------|-----------------------|
| 5.0 | 15 |

| Item Description | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|

No commas or \$

Delayed Costs

| | | | | | | | |
|--------------------------|----------|-------------|-------------|------|-------|-----|-------|
| Equipment | | | | 0.00 | \$0 | \$0 | \$0 |
| Buildings | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |
| Engineering/construction | | | | 0.00 | \$0 | \$0 | \$0 |
| Land | | | | 0.00 | \$0 | n/a | \$0 |
| Record Keeping System | | | | 0.00 | \$0 | n/a | \$0 |
| Training/Sampling | | | | 0.00 | \$0 | n/a | \$0 |
| Remediation/Disposal | | | | 0.00 | \$0 | n/a | \$0 |
| Permit Costs | \$10,000 | 14-Aug-2013 | 16-Jun-2015 | 1.84 | \$919 | n/a | \$919 |
| Other (as needed) | | | | 0.00 | \$0 | n/a | \$0 |

Notes for DELAYED costs

Estimated cost for submitting a revision to the FOP. The Date Required is the date the temporary flare commenced operations and the Final Date is the estimated date of compliance.

Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

| | | | | | | | |
|-------------------------------|--|--|--|------|-----|-----|-----|
| Disposal | | | | 0.00 | \$0 | \$0 | \$0 |
| Personnel | | | | 0.00 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling | | | | 0.00 | \$0 | \$0 | \$0 |
| Supplies/equipment | | | | 0.00 | \$0 | \$0 | \$0 |
| Financial Assurance [2] | | | | 0.00 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3] | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

Approx. Cost of Compliance

\$10,000

TOTAL

\$919

The TCEQ is committed to accessibility.
To request a more accessible version of this report, please contact the TCEQ Help Desk at (512) 239-4357.



TCEQ Compliance History Report

PENDING Compliance History Report for CN601465255, RN101271419, Rating Year 2013 which includes Compliance History (CH) components from September 1, 2008, through August 31, 2013.

| | | | | | |
|---|---|---|----------------|---------------------|------------|
| Customer, Respondent, or Owner/Operator: | CN601465255, Copano Processing, L.P. | Classification: | SATISFACTORY | Rating: | 1.41 |
| Regulated Entity: | RN101271419, COPANO PROCESSING HOUSTON CENTRAL GAS PLT | Classification: | SATISFACTORY | Rating: | 1.41 |
| Complexity Points: | 13 | Repeat Violator: | NO | | |
| CH Group: | 03 - Oil and Gas Extraction | | | | |
| Location: | 1650 COUNTY ROAD 255 SOUTH, SHERIDAN, TX 77475, COLORADO COUNTY | | | | |
| TCEQ Region: | REGION 12 - HOUSTON | | | | |
| ID Number(s): | | | | | |
| PUBLIC WATER SYSTEM/SUPPLY REGISTRATION | 0450051 | AIR NEW SOURCE PERMITS REGISTRATION | 51514 | | |
| AIR NEW SOURCE PERMITS PERMIT | 17154 | AIR NEW SOURCE PERMITS ACCOUNT NUMBER | CR0020C | | |
| AIR NEW SOURCE PERMITS AFS NUM | 4808900001 | AIR NEW SOURCE PERMITS PERMIT | 17117 | | |
| AIR NEW SOURCE PERMITS PERMIT | 56613 | AIR NEW SOURCE PERMITS EPA PERMIT | PSDTX709M1 | | |
| AIR NEW SOURCE PERMITS EPA PERMIT | PSDTX706 | AIR NEW SOURCE PERMITS REGISTRATION | 50221 | | |
| AIR NEW SOURCE PERMITS REGISTRATION | 33867 | AIR NEW SOURCE PERMITS REGISTRATION | 10089 | | |
| AIR NEW SOURCE PERMITS REGISTRATION | 96187 | AIR NEW SOURCE PERMITS REGISTRATION | 101369 | | |
| AIR NEW SOURCE PERMITS REGISTRATION | 101750 | AIR NEW SOURCE PERMITS REGISTRATION | 102542 | | |
| AIR NEW SOURCE PERMITS REGISTRATION | 104949 | AIR NEW SOURCE PERMITS REGISTRATION | 112392 | | |
| AIR OPERATING PERMITS ACCOUNT NUMBER | CR0020C | AIR OPERATING PERMITS PERMIT | 807 | | |
| AIR OPERATING PERMITS PERMIT | 871 | AIR EMISSIONS INVENTORY ACCOUNT NUMBER | CR0020C | | |
| Compliance History Period: | September 01, 2008 to August 31, 2013 | Rating Year: | 2013 | Rating Date: | 09/01/2013 |
| Date Compliance History Report Prepared: | October 14, 2013 | | | | |
| Agency Decision Requiring Compliance History: | Enforcement | | | | |
| Component Period Selected: | October 14, 2008 to October 14, 2013 | | | | |
| TCEQ Staff Member to Contact for Additional Information Regarding This Compliance History. | | | | | |
| Name: | Heather Podlipny | Phone: | (512) 239-2603 | | |

Site and Owner/Operator History:

- | | |
|--|-----|
| 1) Has the site been in existence and/or operation for the full five year compliance period? | YES |
| 2) Has there been a (known) change in ownership/operator of the site during the compliance period? | NO |
| 3) If YES for #2, who is the current owner/operator? | N/A |
| 4) If YES for #2, who was/were the prior owner(s)/operator(s)? | N/A |
| 5) If YES , when did the change(s) in owner or operator occur? | N/A |

Components (Multimedia) for the Site Are Listed in Sections A - J

A. Final Orders, court judgments, and consent decrees:

- | | | | | | |
|---|-----------------|--|------------|-----------------|---------------------------------------|
| 1 | Effective Date: | 11/17/2008 | ADMINORDER | 2008-0911-AIR-E | (1660 Order-Agreed Order With Denial) |
| | Classification: | Moderate | | | |
| | Citation: | 30 TAC Chapter 122, SubChapter B 122.143(4) | | | |
| | | 30 TAC Chapter 122, SubChapter B 122.145(2)(C) | | | |

5C THSC Chapter 382 382.085(b)

Rqmt Prov:O-00807 OP

Description: Failed to submit a semi-annual deviation report within 30 days after the reporting period, as documented during an investigation conducted on February 21, 2008. Specifically, the semi-annual deviation report for the reporting period of September 2, 2006 to March 1, 2007 was due on March 31, 2007, but was not received until August 22, 2007.
Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
30 TAC Chapter 122, SubChapter B 122.145(2)(C)
5C THSC Chapter 382 382.085(b)

Rqmt Prov:GOP O-00871 Site-wide requiremnts (b)(2) OP

Description: Failed to submit a semi-annual deviation report within 30 days after the reporting period, as documented during an investigation conducted on February 21, 2008. Specifically, the smei-annual deviation report for the reporting period September 2, 2006 to March 1, 2007 was due on March 31, 2007, but was not received until August 22, 2007.

B. Criminal convictions:

N/A

C. Chronic excessive emissions events:

N/A

D. The approval dates of investigations (CCEDS Inv. Track. No.):

| | | |
|---------|--------------------|-----------|
| Item 1 | May 07, 2009 | (721125) |
| Item 2 | July 21, 2009 | (747122) |
| Item 3 | December 14, 2009 | (780137) |
| Item 4 | February 12, 2010 | (784885) |
| Item 5 | February 22, 2010 | (784789) |
| Item 6 | May 28, 2010 | (795197) |
| Item 7 | June 17, 2010 | (824660) |
| Item 8 | September 02, 2010 | (826388) |
| Item 9 | November 10, 2010 | (871806) |
| Item 10 | December 09, 2010 | (860319) |
| Item 11 | January 12, 2011 | (881340) |
| Item 12 | March 31, 2011 | (899937) |
| Item 13 | January 10, 2012 | (969967) |
| Item 14 | February 15, 2012 | (983563) |
| Item 15 | February 16, 2012 | (983681) |
| Item 16 | February 29, 2012 | (970866) |
| Item 17 | March 27, 2012 | (981808) |
| Item 18 | May 14, 2012 | (996429) |
| Item 19 | May 18, 2012 | (996467) |
| Item 20 | August 06, 2012 | (1020799) |
| Item 21 | September 18, 2012 | (1023660) |
| Item 22 | June 20, 2013 | (1050561) |
| Item 23 | June 28, 2013 | (1059357) |
| Item 24 | August 07, 2013 | (1100538) |

E. Written notices of violations (NOV) (CCEDS Inv. Track. No.):

A notice of violation represents a written allegation of a violation of a specific regulatory requirement from the commission to a regulated entity. A notice of violation is not a final enforcement action, nor proof that a violation has actually occurred.

N/A

F. Environmental audits:

N/A

G. Type of environmental management systems (EMSs):

N/A

H. Voluntary on-site compliance assessment dates:

N/A

I. Participation in a voluntary pollution reduction program:

N/A

J. Early compliance:

N/A

Sites Outside of Texas:

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
COPANO PROCESSING, L.P.
RN101271419**

**§ BEFORE THE
§
§ TEXAS COMMISSION ON
§
§ ENVIRONMENTAL QUALITY**

AGREED ORDER DOCKET NO. 2013-1952-AIR-E

I. JURISDICTION AND STIPULATIONS

On _____, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Copano Processing, L.P. ("Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent together stipulate that:

1. The Respondent owns and operates a gas processing plant at 1650 County Road 255 South in Sheridan, Colorado County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. The Executive Director and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
4. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about October 16, 2013.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of Thirteen Thousand Five Hundred Dollars (\$13,500) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Ten Thousand Eight Hundred Dollars (\$10,800) of the administrative penalty and Two Thousand Seven Hundred

Dollars (\$2,700) is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty.

7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
8. The Executive Director and the Respondent agree on a settlement of the matters alleged in this enforcement action, subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a).
9. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
10. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
11. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Plant, the Respondent is alleged to have:

1. Failed to obtain authorization for a temporary flare and the related emissions of nitrogen oxides ("NOx") and carbon monoxide ("CO") prior to construction of the flare, in violation of 30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b), as documented during a record review conducted on September 24, 2013 to September 25, 2013. Specifically, on or about August 14, 2013, the Respondent commenced construction and operation of a temporary rental flare with related emissions of NOx and CO for which it failed to obtain a permit prior to construction and operation.
2. Failed to obtain a revision to Federal Operating Permit ("FOP") No. 0807 prior to operating the temporary flare, in violation of 30 TEX. ADMIN. CODE § 122.210 and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on September 24, 2013 to September 25, 2013. Specifically, on or about August 14, 2013, the Respondent commenced operating the temporary flare before obtaining a revision to its FOP.

III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Copano Processing, L.P., Docket No. 2013-1952-AIR-E" to:

Financial Administration Division, Revenue Operations Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. It is further ordered that the Respondent shall undertake the following technical requirements:

- a. Within 60 days after the effective date of this Agreed Order, submit a permit application to authorize the control equipment or other method to minimize volatile organic compounds ("VOC") emissions from the second cryogenic refrigeration unit ("TXP 2") amine treater at the Plant, in accordance with 30 TEX. ADMIN. CODE § 116.110(a), to:

Air Permits Division, MC 162
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

- b. Within 30 days after the issuance of the authorization for the control equipment or other method to minimize VOC emissions from the TXP 2 amine treater at the Plant, submit a FOP revision application, in accordance with 30 TEX. ADMIN. CODE § 122.134, to:

Air Permits Division, MC 163
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

- c. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the permit application and FOP revision application within 30 days after the date of such requests, or by any other deadline agreed upon in writing;
- d. Within 15 days after completing Ordering Provision Nos. 2.a. and 2.b., submit written certification demonstrating compliance with Ordering Provision Nos. 2.a. and 2.b., as described in Ordering Provision No. 2.g.;

- e. Within 550 days after the effective date of this Agreed Order, submit written certification that either authorization to construct control equipment or other method to minimize VOC emissions from the TXP 2 amine treater at the Plant has been obtained or that operation has ceased until such time that appropriate authorization is obtained, as described in Ordering Provision No. 2.g.;
- f. Within 730 days after the effective date of this Agreed Order, submit written certification that the FOP revision has been obtained or that operation has ceased until such time that appropriate authorization is obtained, as described in Ordering Provision No. 2.g.; and
- g. Submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations."

The certification shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Air Section Manager
Houston Regional Office
Texas Commission on Environmental Quality
5425 Polk Avenue, Suite H
Houston, Texas 77023-1486

- 3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
- 4. If the Respondent fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to

the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.

5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
6. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
7. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing", and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
8. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

[Signature]
For the Executive Director

5/26/14
Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

[Signature]
Signature

APPROVED
AS TO FORM
[Signature]
5/22/2014
DATE

2.12.14
Date

MICHAEL S. CATT
Name (Printed or typed)
Authorized Representative of
Copano Processing, L.P.

VP, OPERATIONS
Title

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenue Operations Section at the address in Section IV, Paragraph 1 of this Agreed Order.